



**U.S. Department of Justice**

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## **NEWS RELEASE**

### ***CHICAGO ATTORNEY CHARGED IN UTAH BANKRUPTCY FRAUD CASE***

#### ***CHARGES STEM FROM GENEVA STEEL COMPANY BANKRUPTCY CASE***

SALT LAKE CITY – A federal grand jury in Salt Lake City returned a three-count indictment Thursday charging Stephen E. Garcia, a Chicago attorney, with bankruptcy fraud, mail fraud, and false bankruptcy oath. The charges stem from Garcia's representation of debtor companies that succeeded the Geneva Steel Company after its 1999 bankruptcy proceeding.

The indictment alleges Garcia devised a fraud scheme to represent the companies in bankruptcy by making false representations and material omissions about his connections to a New York investment firm and its principal, who was the controlling shareholder of one of the debtor companies.

According to the indictment, attorneys who represent Chapter 11 debtors in bankruptcy proceedings are required to make full disclosure of any connections and business transactions that may disqualify them from being appointed as counsel. The indictment alleges that Garcia failed to disclose numerous disqualifying connections he had. According to the

indictment, Garcia and his law firm received more than \$2 million in attorneys fees during the pendency of the bankruptcy cases.

A summons will be issued to Garcia to appear in federal court for an initial appearance. Indictments are not findings of guilt. Defendants charged in indictments are presumed innocent unless or until proven guilty in court. The potential maximum penalty mail fraud is 20 years. The penalty for bankruptcy fraud and false bankruptcy oath is five years per count.

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